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Agenda item 14

ADOPTION OF THE REPORT OF THE COMMISSION ON ITS SEVENTEENTH SESSION

Draft report

Addendum

Rapporteur: Andrew G. BANGALI (Sierra Leone)

Chapter ___

TRANSNATIONAL CORPORATIONS AND ISSUES RELATING TO THE ENVIRONMENT, INCLUDING THE CONTRIBUTION OF THE COMMISSION AND THE UNITED NATIONS CENTRE ON TRANSNATIONAL CORPORATIONS TO THE WORK OF THE PREPARATORY COMMITTEE FOR THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT

1. The Commission considered item 4 of its agenda at its 5th, 7th, 8th and 10th meetings, on 12, 15 and 16 April 1991. It had before it the reports of the Secretary-General on the contribution of the Commission and the United Nations Centre on Transnational Corporations to the work of the Preparatory Committee for the United Nations Conference on Environment and Development (E/C.10/1991/3) and on transnational corporations and issues relating to the environment (E/C.10/1991/3/Add.1).

ENVIRONMENT

2. In introducing the item, the Executive Director of the United Nations Centre on Transnational Corporations outlined the five main themes contained in the report of the Secretary-General (E/C.10/1991/3). He commended the Commission for the leading role it had been playing in defining the specific responsibilities of transnational corporations in the preparatory process for

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the United Nations Conference on Environment and Development and in adopting the Criteria for Sustainable Development Management, which had been cited widely. He invited the Commission to envision its role after the United Nations Conference on Environment and Development in 1992 and the early twenty-first century, including defining the future main issues of concern regarding transnational corporations and the environment. He expressed the hope that the Commission would continue its leadership role in formulating strategies for the participation of transnational corporations in the 1992 Conference and provide a positive impact on the preparatory process for the Conference.

3. Delegations congratulated the Executive Director on the analysis contained in the report prepared by the Secretariat. The report was considered to be useful as a basis for the Commission's contribution to the Conference. The report demonstrated the importance of transnational corporations in relation to environment and development, and proposed concrete ideas for mobilizing and encouraging transnational corporations in that regard. Delegations encouraged the Centre to actively participate in the preparatory process for the Conference in cooperation with other United Nations bodies. Some delegations cautioned that the proposed work by the Centre should only be carried out in areas in which the Centre was competent in relation to other parts of the United Nations system.

4. Delegations stated that transnational corporations should participate actively in international economic cooperation with respect to environmental preservation as they had a major role in research, development and dissemination of environmentally sound technologies. They should assume responsibility and cooperate in developing the right technologies for environmentally sound development. Several delegations noted that some technologies had caused environmental degradation and that transnational corporations had special responsibilities in that regard. Delegations appealed to transnational corporations to stop activities that degraded the environment and to provide technologies and resources to solve environmental problems in developing countries. One delegation expressed the view that transnational corporations should publish information on the cost of measures for environmental protection and conduct environmental audits of their activities in developing countries. Another delegation noted with interest a proposal to adopt a code of conduct for the environment and stated that environmental concerns were already included in the draft code of conduct negotiated a number of years ago.

5. A number of delegations noted that environmental costs should be borne by those responsible for creating them. The degree of commitment to correcting environmental problems must be relative to the degree to which the activity of each actor has negatively affected the ecological balance. Several delegations mentioned the many economic, social and environmental problems confronting most developing countries. Some stated that many proposals for resolving those problems were insufficient as developing countries needed resources to resolve the problems. Others stated that they were encouraged to hear that transnational corporations were developing international policies to solve environmental problems. Many delegations concluded that transnational

corporations could contribute significantly to sustainable development and were well positioned to play a leading role, owing in part to their financial flexibility and global management policies. Some delegations stressed the importance of the role of Governments in encouraging transnational corporations to take adequate environmental protection measures.

6. Delegations suggested ways to incorporate the themes expressed in the interim report for inclusion in the contribution of the Commission to the preparatory process for the 1992 United Nations Conference on Environment and Development, particularly in the Earth Charter and Agenda 21. Several delegations suggested the development of principles that could apply, particularly in the absence of environmental protection regulations in developing countries. Others mentioned principles related to the responsibilities of transnational corporations when adherence to international environmental law was uneven. Some delegations suggested ways that the Criteria for Sustainable Development Management could contribute to the Conference process. Studies of transnational corporations and climate change, and disclosure of information on risk were also mentioned in that regard.

7. With regard to the theme of international environmental law, some delegations noted that transnational corporations should not only try to apply the minimum agreed norms, but should also go beyond the minimum, as some already were doing in their international policies. Several delegations expressed the view that environmental standards required a mutual respect between transnational corporations and host countries.

8. Delegations expressed satisfaction with the progress of the work on the project examining various options and mechanisms to transfer environmentally sound technologies to developing countries. Questions were raised on the proposal on leasable emission permits and on coordination with the United Nations Industrial Development Organization and other United Nations organizations. Other delegations expressed the need to further explore issues related to patents and intellectual property rights.

9. Several delegations expressed satisfaction with the progress of the survey of international environmental management policies and innovative practices of transnational corporations.

10. A number of delegations asked that the Centre continue to advise Governments of developing countries on the commercialization of natural resources and the negotiation of contracts and agreements with transnational corporations that had activities in areas that affect the environment.

11. Many delegations expressed concern that the proposed fund to be financed by transnational corporations to support environmental projects in developing countries would be compromised if financial contributions were inadequate. They expressed the hope that work in that area would continue as developing countries lacked financial resources to address environmental problems. Some delegations expressed concern that the proposed fund might duplicate environmental funds administered by other international organizations and suggested that transnational corporations might also contribute technology.

12. A few delegations noted the importance of environmental accounting, noting in particular the need to identify risks and liability issues.

13. Delegations noted that the Centre was coordinating with the secretariat of the Conference, in particular in relation to the work on the transfer of environmentally sound technologies. Several delegations stressed the need for overall coordination with other bodies of the United Nations system, such as the United Nations Environment Programme (UNEP), on specific questions.

14. In conclusion, the Executive Director described ways in which the Centre was coordinating with other bodies. One example was the Centre's close working relationship with the Organisation for Economic Cooperation and Development in developing proposals on the environmental responsibilities of transnational corporations. He discussed the results of the feasibility study on a voluntary fund for transnational corporations to assist developing countries in environmental protection and explained the difficulties with the idea. None the less, as the proposed fund would be made up of voluntary contributions from transnational companies, he considered that it did not overlap with any funding arrangements using donations from Governments. In noting the concern expressed with respect to technical assistance, he said the Centre was trying, within its limited resources, to respond to the increasing volume of requests for technical assistance work in environmental areas.

Action taken by the Commission

15. The Commission:

(a) Requested that a report be submitted to the Commission at its eighteenth session, containing the final version of the comprehensive and analytical study requested by the Economic and Social Council in resolution 1990/71, section II, paragraph 1;

(b) Requested that other projects referred to by the Council in resolution 1990/71, section II, paragraph 3 be completed;

(c) Requested that a progress report on the ongoing projects described in the report of the Secretary-General (E/C.10/1991/3/Add.1) be submitted to the Commission at its eighteenth session;

(d) Requested the Executive Director of the United Nations Centre on Transnational Corporations to transmit to the Secretary-General of the United Nations Conference on Environment and Development the action-oriented recommendations of the Commission regarding transnational corporations and sustainable development, along with the interim version of the comprehensive and analytical study, for consideration by the Preparatory Committee at its third session.